

Program C: Medicare Buy-Ins and Supplements

OBJECTIVES AND PERFORMANCE INDICATORS

Unless otherwise indicated, all objectives are to be accomplished during or by the end of FY 2002-2003. Performance indicators are made up of two parts: name and value.

The objectives and performance indicators that appear below are associated with program funding in the Base Executive Budget for FY 2002-2003. Specific information on program funding is presented in the financial section.

DEPARTMENT ID: 09 - Department of Health and Hospitals
 AGENCY ID: 09 - 306 Medical Vendor Payments
 PROGRAM ID: Program C: Medicare Buy-Ins and Supplements

1. (KEY) To save the State of Louisiana a minimum of \$259 million by purchasing Medicare premiums for elderly, indigent citizens, rather than reimbursing the total cost of their health care.

The objectives and performance indicators that appear below are associated with program funding in both the Base Executive Budget and the Governor's Supplementary Recommendations for FY 2002-2003. Objectives __, __, and __ are associated with the Base Executive Budget; Objectives __ and __ are associated with the Governor's Supplementary Recommendations. Specific information on program funding is presented in the financial section.

Strategic Link: This objective implements Goal I, Objective I.1 of Program C, Medicare Buy-Ins and Supplements, of the revised strategic plan: *To save the State of Louisiana a minimum of 259 million by purchasing Medicare premiums for elderly, indigent citizens, rather than reimbursing the total cost of their health care with the State General Fund dollars.*

Louisiana: Vision 2020 Link: Vision 2020 is directly linked to Medical Vendor Payments as follows: Goal Three: *To have a standard of living among the top ten states in America and safe, healthy communities where rich natural and cultural assets continue to make Louisiana a unique place to live, work, visit, and do business.* Objective 3-7: *To improve the quality of life of Louisiana's children.* Benchmark 3.7.1 relates to the LaCHIP program. In addition, Medical Vendor Payments is actively engaged in supporting Goal One, Objective 8 of Vision 2020: Goal One: *To be a Learning Enterprise in which all Louisiana businesses, institutions, and citizens are actively engaged in the pursuit of knowledge, and where that knowledge is deployed to improve the competitiveness of businesses, the efficiency of governmental institutions, and the quality of life of citizens.* Objective 8: *To improve the efficiency and accountability of governmental agencies.*

Children's Cabinet Link: Not Applicable

Other Link(s): Not applicable

Explanatory Note: Medicare is a health insurance program for people 65 years of age and older, certain younger people with disabilities, and people with End-Stage Renal Disease (people with permanent kidney failure who need dialysis or transplant). Medicare has two parts: Part A (hospital insurance) and Part B (medical insurance). Part B helps pay for doctors, outpatient hospital care and some other medical services that part A does not cover, such as the services of physical and occupational therapists.

L E V E L	PERFORMANCE INDICATOR NAME	PERFORMANCE INDICATOR VALUES					
		YEAREND PERFORMANCE STANDARD FY 2000-2001	ACTUAL YEAREND PERFORMANCE FY 2000-2001	ACT 12 PERFORMANCE STANDARD FY 2001-2002	EXISTING PERFORMANCE STANDARD FY 2001-2002	AT CONTINUATION BUDGET LEVEL FY 2002-2003	AT RECOMMENDED BUDGET LEVEL FY 2002-2003
S	Buy-In Expenditures (Part A)	\$18,088,338	\$15,835,587	\$18,450,105	\$18,450,105	\$17,388,000 ¹	\$17,388,000
S	Total number of recipients (Part A)	4,900	4,177	4,900	4,100	4,500 ¹	4,500
S	Buy-In Expenditures (Part B)	\$66,989,964	\$68,883,916	\$72,528,000	\$72,528,000	\$82,234,500 ¹	\$82,234,500
S	Total number of recipients (Part B)	115,377	118,017	118,500	118,500	123,000 ¹	123,000
K	Total number of Buy-In eligibles	120,277	122,194	121,100	122,600	127,500 ¹	127,500
K	Total savings (cost of care less premium costs for Medicare benefits)	\$259,938,183	\$287,857,934	\$259,938,183	\$259,938,183	\$293,615,000 ²	\$293,615,000

¹ See attached worksheets from the Budget request as documentation of projections. At this time, we feel that the projections are realistic based on current number of eligibles and the 2002 Part A and Part B premiums obtained from CMS and the projected premium increases for 2003. PART A: There has been an overall noted steady decline in Part A recipients. This is due to an aging population which is dying out. More individuals are retiring with premium free part A because of higher earnings from their work history. However, under the 1999 Government Performance Results Act (GPRA) states are required to outreach and enroll a minimum number of Medicare beneficiaries in Medicare Savings Programs. Aggressive outreach efforts potentially could identify additional individuals not previously identified who are eligible for state payment of Part A premiums. Although the number recipients is currently just over 4100, there is the potential for identification of additional eligibles by the end of FY 03. PART B: There has been a steady increase in Part B enrollees due to Medicare Savings Program outreach and enrollment activities. The level of increase is expected to persist as outreach efforts continue.

² Actual savings for SFY 2000-2001 increased only 3.3%, down from the 5.5% increase for SFY 1999-2000; therefore we choose to apply a modest 2% increase to the actual savings from SFY 2000-2001 to obtain our Continuation Budget Level SFY 2002-2003 estimate.